

## Message Text

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PAGE 01 MTN GE 05316 01 OF 02 062201Z

70

ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 FEA-01 AF-08 ARA-06 EA-07 NEA-10 /137 W  
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P R 061844Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1715

INFO USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 MTN GENEVA 5316

ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: COUNTRY POSITIONS AT MTN TROPICAL PRODUCTS GROUP  
MEETING, JUNE 30 - JULY 1

REF: MTN GENEVA 5149

1. SUMMARY: IN FIRST DAY OF TROPICAL PRODUCTS (TP)  
GROUP MEETING, LDCS LED A WELL-COORDINATED ATTACK ON  
THE SCOPE AND CONTENT OF DC OFFERS. DCS WERE GENERALLY  
ON THE DEFENSIVE WITH MOST TAKING PAINS TO POINT OUT  
INSTANCES WHERE THEY HAD MET LDC DEMANDS. RESTRICTED  
SESSION FOLLOWING MORNING RESULTED IN CHAIRMAN'S  
SUMMARY WHICH REFLECTED COUNTRY POSITIONS, WHILE  
PERMITTING BILATERAL CONSULTATIONS TO CONTINUE. END  
SUMMARY

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PAGE 02 MTN GE 05316 01 OF 02 062201Z

2. MOST COMPREHENSIVE INITIAL STATEMENTS WERE MADE

BY MALAYSIA DEL (LAI) AND INDIAN DEL (CHADHA), WHO WERE LEAD-OFF LDC SPEAKERS WITH RESPECT TO PRODUCT COVERAGE. LAI NOTED THAT, IN GENERAL, TP OFFERS BY DCS WERE MADE IN RESPONSE TO ONLY A SMALL PROPORTION OF LDC REQUESTS, AND THAT SOME COUNTRIES MADE OFFERS ONLY ON PRODUCTS IN BTN CHAPTERS 1-24. CHADHA EMPHASIZED THE "GLARING OMISSIONS" FROM DC TP OFFERS, NOTALY LEATHER AND LEATHER PRODUCTS, MARINE PRODUCTS, UNMANUFACTURED TOBACCO, JUTE AND COIR GOODS. CHADHA DISMISSED ARGUMENTS THAT SUCH PRODUCTS WERE " IMPORT SENSITIVE" IN THE DEVELOPED COUNTRIES, AND CITED UNCTAD IV RESOLUTIONS CALLING FOR SPECIAL MEASURES TO ASSIST LDC EXPORTS. JOINING IN CRITICIZING PRODUCT COVERAGE OF DC OFFERS WERE DELS FROM MEXICO, GUATEMALA (SPEAKING FOR CENTRAL AMERICANS), TRINIDAD AND TOBAGO (WHO WAS ESPECIALLY CRITICAL OF THE FACT THAT RUM WAS NOT INCLUDED IN THE US OFFER LIST), BRAZIL, AND COLOMBIA (SPEAKING FOR THE ANDEAN GROUP).

3. BOTH MALAYSIAN AND INDIAN DELS WERE CRITICAL THAT THERE WERE FEW NONTARIFF MEASURES IN DC OFFERS, WITH INDIAN DEL STATING IT WAS NOT CONSISTENT WITH TOKYO DECLARATION TO SAY THAT QUANTITATIVE RESTRICTIONS COULD ONLY BE CONSIDERED IN QR SUBGROUP. SIMILAR CONCERNS WERE VOICED BY DELS FROM MEXICO, BRAZIL, TRINIDAD AND TOBAGO, AND COLOMBIA.

4. LDCS BROKE RANK SOMEWHAT ON THE QUESTION OF THE TYPES OF CONCESSIONS. INDIA STRESSED THAT THE LDCS HAD ASKED FOR BOTH MFN AND GSP CONCESSIONS IN TP EXERCISE, AND THAT THE RELATIVE MERITS OF EACH HAD BEEN CONSIDERED ON A PRODUCT-BY-PRODUCT BASIS IN FRAMING LDC REQUESTS LISTS. CHADHA CHIDED THOSE DCS THAT HAD MADE OFFERS SOLELY ON ONE OR THE OTHER BASIS FOR TAKING TOO RIGID APPROACH TO THIS QUESTION. HE REEMPHASIZED TOKYO DECLARATION'S REFERENCE TO MAINTENANCE AND IMPROVEMENT OF GSP, AND HOPED FOR CONFIDENTIAL

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PAGE 03 MTN GE 05316 01 OF 02 062201Z

FAVORABLE CONSIDERATION OF BOTH MFN AND GSP REQUESTS. CONVERSELY, MALAYSIAN DEL SPOKE PRIMARILY IN FAVOR LASTING BENEFITS OF MFN TARIFF REDUCTIONS, POINTING OUT THERE WAS NO REASON FOR DC GSP REDUCTIONS UNLESS DCS INTENDED AT SOME TIME TO REIMPOSE DUTIES. MALAYSIA STRESSED THAT FOR MFN CONCESSIONS NO QUESTION EXISTED AS TO BINDING OF THESE CONCESSIONS, AND THEIR INCORPORATION INTO THE GATT SCHEDULES.

BRAZIL (BIER) ALSO TENDED TO BE CRITICAL OF GSP OFFERS ON THE GROUNDS THAT THEY WERE NOT SECURE. BY CONTRAST, CHADHA AND OTHER DELS FAVORING GSP IMPROVEMENT -- "CONTRIBUTIONS" -- EXPRESSED DOUBTS AS TO VALUE OF SUCH "CONTRIBUTIONS" FOR WHICH THERE WAS NO AGREEMENT OR PROCEDURE TO BIND.

5. PRACTICALLY ALL SPEAKERS ADDRESSED RECIPROCITY IN ONE FORM OR ANOTHER. LDC SPOKESMEN WERE VIRTUALLY UNANIMOUS IN CITING THAT, CONSISTENT WITH PARA 5 OF THE TOKYO DECLARATION ANY CONTRIBUTIONS THEIR COUNTRIES WOULD MAKE WOULD BE CONSISTENT WITH THEIR INDIVIDUAL DEVELOPMENT, FINANCIAL AND TRADE NEEDS, AND WOULD BE MADE ONLY IN THE CONTEXT OF THE OVERALL MTN ON THE BASIS OF THE ADDITIONAL BENEFITS THEY WOULD RECEIVE. MALAYSIA DEL NOTING "DISTRESS" THAT "ONE DEVELOPED COUNTRY" HAD ASKED FOR SPECIFIC LDC CONTRIBUTIONS AT THIS STAGE OF THE NEGOTIATION, AND POINTED OUT THAT OTHER DCS HAD NOT MADE SIMILAR REQUESTS. INDIAN DEL SAID THERE WERE NO AGREED PROVISIONS WITHIN TP GROUP BY WHICH DCS COULD PRESENT REQUEST LISTS TO LDCS FOR CONCESSIONS ON SPECIFIC PRODUCTS TO BE SOUGHT BY DEVELOPED COUNTRIES. CHADHA "COULD NOT IMAGINE "LDC MAKING CONCESSIONS TO DCS IN TROPICAL PRODUCTS GROUP. MEXICAN DEL (TELLO) STATED THAT IT "DOES NOT CONSIDER THE POSSIBILITY OF RECIPROCITY AT THIS STAGE, AND CERTAINLY NOT WITHIN THE TP EXERCISE." WALKER

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PAGE 01 MTN GE 05316 02 OF 02 062301Z

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ACTION STR-04

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OMB-01 FEA-01 AF-08 ARA-06 EA-07 NEA-10 /137 W

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P 072145Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1716

EUDHVA/USMISSION EC BRUSSELS 5663

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ACTION STR

H PASS CODEL

NIGERIAN DEL (ADEWAKUN) STATED IT OUT OF THE QUESTION TO CONSIDER RECIPROCITY WITHIN THE TP GROUP, AND, IN FACT, CONSIDERED THAT THE OFFERS TO LDCS IN TP SHOULD CONSTITUTE AN OUTRIGHT GIFT ANALOGOUS TO GSP. NIGERIAN DEL AGAIN CRITICIZED US GSP FOR OPEC EXCLUSION, AND NOTED THAT ACTION OF OPEC MINISTERS AT BALI NOT TO RAISE OIL PRICES DID NOT REQUIRE "...APPROVAL OF USCONGRESS." COMMENT: UNLIKE PREVIOUS TP AND OTHER MTN MEETINGS, NEITHER ANDEAN NOR ASEAN DELEGATES SPOKE TO GSP OPEC EXCLUSION ISSUE AT THIS MEETING. END COMMENT

6. A NUMBER OF COUNTRY DELS SPOKE OF NECESSITY OF IMPROVING DC TP OFFERS. MALAYSIAN DEL CLAIMED THAT, PURSUANT TO GATT ARTICLE XXXVII, DCS ARE ONLY EXEMPTED FROM THEIR COMMITMENT TO REDUCE OR ELIMINATE BARRIERS TO IMPORTS FROM LDCS IN THE LIMITED OFFICIAL USE

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PAGE 02 MTN GE 05316 02 OF 02 062301Z

CASE OF "COMPELLING REASONS", AND PROPOSED THAT SUCH COMPELLING REASONS ON EACH LDC TP REQUEST SHOULD BE EXAMINED AT THE NEXT MEETING OF TP GROUP. THIS SUGGESTION, IN EFFECT A PROPOSAL FOR A "CONFRONTATION AND JUSTIFICATION" EXERCISE FOR ITEMS ON REQUEST LISTS TO WHICH DCS DID NOT RESPOND, WAS, IN HIS VIEW, THE ONLY HOPE FOR IMPROVING OFFERS AND FOR PRESERVING THE PRIORITY STATUS AND MULTILATERAL CHARACTER OF THE TP GROUP.

ALTHOUGH MALAYSIAN DEL'S PROPOSAL WAS NOT SPECIFICALLY COMMENTED UPON BY OTHER DELEGATIONS, OTHER LDC DELEGATIONS ALSO CALLED FOR CONTINUED BILATERAL OR PLURILATERAL CONSULTATIONS AS A MEANS TO IMPROVE OFFERS. BOTH ASEAN AND BRAZILAIN DEL (BIER) EMPHASIZED THAT IMPROVEMENT OF OFFERS SHOULD TAKE PRIORITY OVER EARLY IMPLEMENTATION. CANADIAN DEL (ROY) NOTED THAT SOME ADDITIONAL IMPROVEMENTS IN ITS TP OFFER WHICH

WAS PRINCIPALLY GSP WERE POSSIBLE AND UNDER CONSIDERATION. WHEN THESE IMPROVEMENTS WERE DECIDED UPON, CANADA WOULD BE ABLE TO IMPLEMENT ITS TP OFFER AT ANY DATE AFTER LATE FALL. JAPANESE DEL (UKAWA) IN SINGLE, BRIEF, LOW-KEY INTERVENTION NOTED THAT GOJ WAS UNDERTAKING MAJOR REVIEW OF ITS GSP. HE EXPECTED THIS WOULD RESULT IN INCREASE IN QUANTITATIVE CEILINGS AND LIBERALIZATION OF RULES OF ORIGIN.

7. LDCS WERE ALSO IN AGREEMENT IN CALLING FOR GATT SECRETARIAT TO PREPARE A TABULATION OF TP REQUESTS AND OFFERS RECEIVED TO ASSIST LDCS IN SEEING WHICH DCS HAD RESPONDED TO SPECIFIC REQUESTS. INDIA CITED A SIMILAR TABULATION MADE DURING THE KENNEDY ROUND TO INDICATE FEASIBILITY OF UNDERTAKING AND ASKED THAT ONE BE UNDERTAKEN AT THIS STAGE. SPOKESMEN FOR TRINIDAD AND TOBAGO, BRAZIL, THE ANDEAN GROUP, AND SRI LANKA SUPPORTED THE SECRETARIAT PREPARING SUCH A CONSOLIDATION.

8. DCS WERE GENERALLY ALL ON THE DEFENSIVE, AND JAPAN (UKAWA), AUSTRALIA (RYAN), AND NEW ZEALAND LIMITED OFFICIAL USE

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PAGE 03 MTN GE 05316 02 OF 02 062301Z

(MCPHAIL) TOOK ADVANTAGE OF THE FORUM TO ANNOUNCE THAT THEY WERE WITHER CONDUCTING MAJOR REVIEWS OF THEIR GSPS LOOKING TO FURTHER LIBERALIZATION AND AUSTRALIA AND NEW ZEALAND ANNOUNCED THAT GSP IMPROVEMENTS WERE TO BECOME EFFECTIVE JULY 1, 1976.

9. EC (PERROI) EXPRESSED DISAPPOINTMENT WITH THE DISAPPOINTMENT EXPRESSED BY THE LDCS WITH THE DC TP OFFERS, NOTING THE LARGE AMOUNT OF EFFORT THAT HAD BEEN DEVOTED TO PREPARING EC OFFER. EC NOTED THEY HAD NOT REQUESTED RECIPROCITY IN THEIR OFFER, HENCE THERE SHOULD BE NO CONFUSION ON THAT SCORE. CONCERNING NTBS, THE EC HAD SOUGHT TO ELIMINATE SOME QUANTITATIVE RESTRICTIONS, AND WAS UNDERTAKING FOR FIRST TIME SOME COMMITMENTS IN VERY SENSITIVE AREA OF INTERNAL TAXES ON SOME TROPICAL PRODUCTS. EC HAD ALSO ADDED 46 PRODUCTS TO ITS GSP BASED ON INFORMATION OBTAINED DURING TP CONSULTATIONS. EC OBSERVED THAT SOME COUNTRIES FELT GSP WAS NOT AS VALUABLE AS MFN CONCESSIONS, BUT NOTED EC TP OFFER COMBINED BOTH. EC DEL NOTED THERE WERE DISCUSSIONS UNDERWAY IN TARIFFS GROUP ON ADVANTAGES OF MFN VERSUS GSP, AND THAT THAT WOULD PERHAPS BE A MORE APPROPRIATE GROUP TO PURSUE NEGOTIATION ON

SOME PRODUCTS. EC WILL IMPLEMENT ITS MFN AND GSP TP  
OFFER AS OF JANUARY 1, 1977.

10. NORDIC COUNTRIES, TOOK A "GOOD GUY" ROLE,  
NOTING THEIR GSP OFFER AND STATING THAT RECIPROCITY  
SHOULD NOT ARISE IN TP EXERCISE, EMPHASIZING THAT  
NORDIC OFFER WAS "DEVOID OF TACTICAL CONSIDERATIONS".

AUSTRIA AND SWISS DELS STATED POSITIVE ASPECTS OF  
THEIR GSP SCHEMES ON WHICH THEIR OFFERS WERE MADE,  
BUT LEFT CLEAR IMPLICATION THAT LDC RECIPROCITY AT  
END OF THE DAY WAS EXPECTED.

10. SUBSTANCE US DEL STATEMENT CONTAINED MTN GENEVA 5149.  
FULL STATEMENT FOLLOWS.WALKER

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## Message Attributes

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